

12 January 1955

CHINESE NATIONALIST POSITION

JAN 15 1955

1. Chinese Communist attacks--by air and sea--on Nationalist naval vessels at the Tachens (10 Jan) are heaviest yet staged. Tachens command is now without naval support. Virtually without air support, facing supply difficulties, and with one-third garrison newly-arrived troops, Tachens presently more vulnerable to Communist amphibious attack than ever before.

- A. Air assault (day of 10 Jan) seemed aimed disrupt Nationalist rotation garrison (with troops from Formosa), which begun 21 Dec '54. Raid hit during second phase of rotation, when anchorage filled with Nationalist ships--sole remaining DE assigned to islands, three LST's, two gunboats, several other vessels.
- B. For seven hours, ChiCom fighters and bombers from Ningpo, Hangchow and Shanghai (between 65 and 100 planes) struck at shipping, hit all three LST's and the DE. One LST, loaded with artillery ammunition and other military supplies, caught fire and is believed total loss. Lighter damage to other vessels, but about 160 wounded, 14 killed.
- C. Air raid caught Nationalists "flatfooted." No air alert, and AA fire spradic and ineffective. Tachen command frantically requested air support from Formosa, but request denied because "weather unfavorable."

- D. After air attack, all ships put to sea. Shortly before midnight, Nationalist gunboat was intercepted by Communist vessels, possibly torpedo boats. Gunboat hit and abandoned. DE was sent to rescue, and some reports indicate it was again damaged during rescue attempt. DE now reported crippled in Keelung harbor. Other vessels now at Nanchishan
- E. Shipping losses, vulnerability of Nationalist vessels at anchor or on beach will complicate problem of Tachen supply. Current supply levels adequate for 30 to 60 days. Nationalist Navy has recommended evacuation guerrilla garrison of 850 troops on Yushan, 35 miles NW Tachens, and MAAG has advised Taipei to reevaluate logistic problem in all offshore islands.
- II. MAAG in Taipei reports no signs Communist invasion preparations. MAAG believes Communists will continue air and sea efforts to destroy Nationalist naval forces involved--now 90 miles SW of Tachens--thus isolating Tachen garrison.
- A. Although Communists can launch invasion of Tachens at any time, we agree with MAAG that early invasion unlikely. Two main reasons:
1. US 7th Fleet has orders to be prepared to demonstrate north of Formosa in next few days; past appearances of 7th Fleet in troubled island areas have quieted Communist activity, should do so again.

2. High winds, heavy seas currently reported in

Tachen area--would make invasion difficult.

B. Third phase Tachen rotation scheduled 22 Jan; we expect heavy Communist air and sea attacks at that time, as well as on other occasions when favorable Tachen targets are spotted.

III. 10 Jan attack seem part of continuing effort to soften Tachens in preparation eventual assault. Important objective will be undermining morale of garrison.

A. Garrison command, as result 10 Jan action, has <sup>SEEN</sup> support routed, its requests for air support refused (not for first time), as well as vivid demonstration <sup>ChiCom</sup> capability disrupt supply operations and troop movements.

1. Troops in Tachens may already wonder if Taipei regards them as expendable.

2. Morale may well sag in absence indication or belief US forces will help defend islands.

3. Leaflet drops by Communist planes over Tachens 11 Jan show increasing Communist efforts induce local defection--standard offers include amnesty, cash, land, jobs.

B. In absence US commitment, Chiang himself has hard decision to make: conserve forces by withdrawal from Tachens, or chance them on gamble of last-minute intervention.

- C. Taipei apparently wrestling with this problem now:
  - 1. Chiang reported favoring conservation.
  - 2. Defense Minister has asked Admiral Radford for inclusion offshore islands in defense pact.
- D. In addition to island garrisons' vulnerability defection, possibility of widespread subversion on Formosa is further, although long-range, threat.
  - 1. Communist propaganda aimed at causing defection Nationalist officials has been stepped-up since July '54.
  - 2. To date, has obtained no significant results.